

Glenn Taylor - Kamm Garland

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act (Canada).

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of these Shares for sale in the United States of America or in the territories or possessions thereof.

New and Additional Issue

85,000 Convertible Preferred Shares

and

17,000 Common Shares

Velok Ltd.

(Incorporated under the laws of Canada)

OCT 22 1959

5% Cumulative Redeemable Convertible Preferred Shares
of the par value of \$20 each

With a bonus of 1 Common Share for each 5 Convertible Preferred Shares

These 5% Cumulative Redeemable Convertible Preferred Shares (hereinafter sometimes called the "Convertible Preferred Shares") are to be fully paid and non-assessable; entitled to fixed cumulative preferential cash dividends (accruing from October 1, 1959) at the rate of \$1 per share per annum, as and when declared by the directors, payable on the first days of January, April, July and October in each year (commencing January 1, 1960) by warrant or cheque at par at any branch of the Company's bankers for the time being in Canada; entitled on liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs to \$21 per share together with all accrued and unpaid preferential dividends thereon in priority to the Common Shares or shares of any other class ranking junior to the Convertible Preferred Shares; redeemable at the Company's option at any time in whole or from time to time in part on at least 30 days' notice at \$21 per share together with all accrued and unpaid preferential dividends thereon. The voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of the Convertible Preferred Shares, including redemption rights and rights on liquidation or other distribution of capital assets, are set out in their entirety in the Statutory Information forming part of this prospectus.

Registrar and Transfer Agent
Montreal Trust Company, Montreal

Conversion Privilege

Holders of Convertible Preferred Shares will have the right, exercisable in a stipulated manner, at any time up to the close of business on the third day prior to the date fixed for redemption thereof to convert all or any of the Convertible Preferred Shares held by them respectively into fully paid Common Shares without nominal or par value as the same shall be constituted at the time of conversion upon the basis of one Common Share for each one Convertible Preferred Share in respect of which the conversion privilege is exercised.

The provisions to be attached to the Convertible Preferred Shares will provide for the adjustment of the conversion privilege in certain events including a subdivision or consolidation of Common Shares and the payment of a stock dividend on Common Shares.

Of the 85,000 Convertible Preferred Shares and 17,000 Common Shares offered by this prospectus, an aggregate of 74,905 Convertible Preferred Shares and 14,981 Common Shares have been reserved for subscription by the present shareholders of the Company and others associated with the activities of the Company.

We, as principal, offer the remaining 10,095 Convertible Preferred Shares and 2,019 Common Shares if, as and when issued by the Company and accepted by us, subject to prior sale or change in price and subject to the approval of all legal matters on our behalf by Messrs. Senecal, Turnbull, Mitchell, Stairs, Culver, Kierans & Claxton, and on behalf of the Company by Messrs. Hugessen, Macklaier, Chisholm, Smith & Davis, both of Montreal.

Price: \$20 per share flat

With a bonus of 1 Common Share for each 5 Convertible Preferred Shares

We reserve the right to accept applications for these Convertible Preferred Shares and Common Shares in whole or in part or to reject any application and to withdraw this offer at any time without prior notice. It is expected that share certificates, in interim or definitive form, representing these Convertible Preferred Shares and Common Shares will be available for delivery on or about September 24, 1959.

W. C. Pitfield & Company, Limited
MONTREAL

HALIFAX MONCTON SAINT JOHN QUEBEC ST. HYACINTHE OTTAWA CORNWALL TORONTO
SAULT STE. MARIE WINNIPEG CALGARY EDMONTON VANCOUVER VICTORIA NEW YORK

Velok Ltd.

Montreal, Quebec,
September 9, 1959.

W. C. Pitfield & Company, Limited,
Montreal, Quebec.

Dear Sirs,

With reference to the proposed issue of 85,000 5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each (hereinafter sometimes called the "Convertible Preferred Shares") and 17,000 Common Shares without nominal or par value (hereinafter sometimes called the "Common Shares") in the capital of Velok Ltd. (hereinafter sometimes called the "Company"), we are pleased to give you the following information.

The Company

The Company, which was incorporated under the laws of Canada in 1957, holds the exclusive licence to produce the Velcro fastener (described below) in Canada, the United States of America and its territories and possessions and elsewhere and, through wholly-owned operating subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, produces and sells the Velcro fastener.

Capitalization

(Upon completion of the present financing)

	Authorized	Outstanding
5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each (1)	250,000 shs.	85,000 shs.
Common Shares without nominal or par value	1,000,000 shs. (2)	145,350 shs.

(1) Convertible into Common Shares on the basis of 1 Common Share for each 1 Convertible Preferred Share.

(2) Of which 85,000 shares are reserved for the conversion of the Convertible Preferred Shares offered by this prospectus. Reference is made to the options covering 10,000 Common Shares referred to in paragraph (k) of the Statutory Information forming part of this prospectus.

The Velcro Fastener

Description

The Velcro fastener is a fastening device consisting of two strips of nylon, the surface of one covered with thousands of microscopic hooks (called Velcro) and the other with thousands of tiny loops (called Astrakan). When pressed together the hooks engage the loops and the strips cling together. They can be peeled apart easily. The Velcro fastener can be substituted for a great many types of fastener, including zippers, buttons, buckles, hooks and eyes and laces. It can be adjusted easily and opened and closed quickly.

Uses

The Velcro fastener is currently being manufactured in five widths ($\frac{5}{8}$ ", $\frac{3}{4}$ ", 1", $1\frac{1}{4}$ " and 2") in white, black and sixteen colours. It can be sewn on clothing and stapled or glued on to almost every kind of material. It can be laundered and dry-cleaned and will not corrode.

The Velcro fastener is currently being used on many types of clothing, including jackets, skirts, pyjamas, belts, lingerie and foundation garments. It will soon be on the market to replace safety pins on babies' diapers. It is being used in home furnishings for slip covers, drapes, carpets and rugs.

It is sold in small packages and by the yard in retail stores, supermarkets and other outlets for home sewing. It is being distributed by The American Thread Company in the United States of America and will soon be offered in Canada by that company's Canadian subsidiary.

In the medical field it is used in blood pressure tourniquets, dressings and bandages. In the aircraft industry it is being used to fasten headrest doilies, footrests, curtains, carpeting and inspection panels and in the chemical and mining industries it is used in changeable filters.

Experiments are being carried on by the American and Canadian armed forces in many different applications, including clothing, tents and tarpaulins. Experiments on its various applications are also being conducted by the automotive, appliance and photographic industries.

History

The Velcro fastener was invented in 1948 by George de Mestral, a Swiss. The patent rights to the fastener are held by Velcro S.A. for Europe and by affiliated companies, including International Velcro Company Est., for most of the rest of the world. There are now plants making Velcro fasteners in Italy, England, Switzerland, France, West Germany, Belgium and Denmark, as well as in the United States of America and Canada.

Licences and Patents

In 1957, International Velcro Company Est. entered into two licensing agreements with Ralph Bailey Hood (now President of the Company), as licensee, under which the licensee was granted exclusive rights to manufacture Velcro fasteners throughout Canada and the United States of America and its territories and possessions. The patents run for 17 years commencing 1955. The licence covers a period of 15 years from 1957 and is automatically renewable for additional periods of 15 years each. Mr. Hood assigned the Canadian and United States licensing agreements to the Company in exchange for 17,000 Common Shares of its capital stock.

The licence fee under the U.S. agreement is \$250,000 (of which \$220,000 was paid prior to June 30, 1959 and the balance has since been paid) plus a royalty of 2¢ a yard of fastener commencing June 1, 1959. Under the Canadian agreement the licence fee is \$50,000 (which was paid prior to June 30, 1959) plus a similar royalty commencing January 1, 1960. As a result of recent negotiations with International Velcro Company Est. it has been agreed that the royalties will be changed to 3% of net sales. Further particulars of the licensing agreements are set out in paragraph (u-v) of the Statutory Information forming part of this prospectus. The foregoing royalties are subject to the payment of certain minimum royalties, particulars of which are set forth in paragraph (u-v) of the Statutory Information forming part of this prospectus.

Under these licensing agreements International Velcro Company Est. sells the special type of loom needed for the manufacture of the Velcro fastener.

American Velcro, Inc. ✓

The Company's wholly-owned subsidiary, American Velcro, Inc., manufactures Velcro fastener in a 35,000 square foot plant which it leases in Manchester, New Hampshire. It presently has in operation 32 Velcro looms having a yearly productive capacity on a 3-shift basis of approximately 8,250,000 yards. These looms were installed between January, 1958 and May, 1959. It has 8 additional looms on hand which are to be brought into production during the second half of 1959 and it plans to purchase an additional 12 looms at a later date.

American Velcro, Inc. has approximately 100 production employees and 15 office personnel. The management personnel have all had wide experience in the textile field.

The sales activities of American Velcro, Inc. are carried out through that company's wholly-owned subsidiary company, Velcro Sales Corporation, which maintains a sales office at 681 Fifth Avenue, New York City. This subsidiary company has five salesmen, four sales agents and four distributors, including The American Thread Company.

Canadian Velcro Ltd. ✓

Canadian Velcro Ltd. has the Velcro fastener made for it on a cost plus basis in a 15,000 square foot plant at Three Rivers, Quebec, on premises leased from Wabasso Cotton Co. Ltd. Four Velcro looms were installed in December, 1958 and marketing of the product in Canada recently commenced. The looms are owned by Canadian Velcro Ltd. and leased to the operator, Treeford Limited. If the Canadian business expands sufficiently Canadian Velcro Ltd. may get some of the looms scheduled for American Velcro, Inc.

Possible Geographical Expansion

In May, 1959 the Company exercised an option from International Velcro Company Est. to acquire the exclusive rights to manufacture, produce and sell Velcro in Mexico, Central America, Cuba, South America, the Philippines, Japan, South Korea and Hong Kong. For this option the Company paid \$60,000 and is obligated to pay an additional \$240,000 under certain terms and conditions for these rights plus a royalty payment at the rate of 3% of net sales. The Company is now studying the possibility of Velcro operations being established in Mexico, Japan and South America.

Earnings

The following report has been received from the Company's auditors, Messrs. Ross, Touche & Co., Chartered Accountants, with respect to the earnings of the Company and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, from the commencement of operations to June 30, 1959.

"To the Directors,
Velok Ltd.

The following report has been prepared at your request.

Velok Ltd. .

and its wholly-owned subsidiary companies,
American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation

Consolidated Statement of Earnings
from the commencement of operations on October 25, 1957 to June 30, 1959

	Sales (Note 2)	Costs of oper- ations	Depreciation on fixed assets and amortization of licences and rights	Taxes on income (Note 3)	Net profit or (loss)
Period from October 25, 1957 to September 30, 1958	\$ 157,064	\$227,439	\$31,258	—	(\$101,633)
Nine months ended June 30, 1959	1,391,499	988,832	55,070	\$157,082	190,515

NOTE 1. Earnings of subsidiary companies, American Velcro, Inc. and Velcro Sales Corporation, operating in the United States of America are included at par of exchange.

NOTE 2. American Velcro, Inc. commenced operations in July, 1958 and Canadian Velcro Ltd. commenced operations in May, 1959.

NOTE 3. Velok Ltd. and American Velcro, Inc. had loss carry-forwards of \$42,484 and \$14,462 respectively at September 30, 1958 which were deducted when computing the taxes on income for the nine months ended June 30, 1959. The reduction in taxes on income due to these loss carry-forwards amounted to approximately \$28,200. Canadian Velcro Ltd. and Velcro Sales Corporation had losses of \$11,968 and \$32,718 respectively at September 30, 1958 and are not as yet subject to income taxes.

We have examined the consolidated statement of earnings of Velok Ltd. and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, for the period from the commencement of operations on October 25, 1957 to June 30, 1959. Our examination

included a general review of the accounting procedures of the Company and its Canadian wholly-owned subsidiary company, Canadian Velcro Ltd., and such tests of accounting records and other supporting evidence as we considered necessary under the circumstances. The statements of earnings of the Company's American wholly-owned subsidiary companies, American Velcro, Inc. and Velcro Sales Corporation, as at June 30, 1959, were examined and have been certified by another independent accountant, Mr. Louis Spector, Certified Public Accountant in the State of New Hampshire, the auditor of those companies, and have been accepted by us for inclusion in the above consolidated statement of earnings. We have obtained all the information and explanations we have required.

In our opinion the above statement together with the notes thereto presents fairly the consolidated earnings of Velok Ltd. and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, for the period under review.

Montreal, Quebec, September 9, 1959.

(Sgd.) Ross, Touche & Co.,
Chartered Accountants."

Convertible Preferred Share Provisions

The voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of the Convertible Preferred Shares, including redemption rights and rights on liquidation or other distribution of capital assets, are summarized on the front page of this prospectus and are set out in their entirety in paragraph (h) of the Statutory Information forming part of this prospectus.

Purpose of Issue

The net proceeds to the Company from the sale of the 85,000 Convertible Preferred Shares and 17,000 Common Shares offered by this prospectus, amounting to \$1,601,250 after deducting commissions and legal, audit and other expenses of issue estimated at \$115,750, will be used as to \$837,100 to repay bank loans, as to \$177,328 to repay, along with mortgage funds held in escrow, mortgage notes and as to the balance for additional working capital for further expansion of the operations of the Company and its wholly-owned subsidiary companies and for general corporate purposes.

Yours truly,

VELOK LTD.

Per (Sgd.) RALPH B. HOOD,
President.

VELOK LTD.

and its wholly-owned subsidiary companies,
American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation

Consolidated Balance Sheet as at June 30, 1959 and Pro Forma Consolidated Balance Sheet
as at June 30, 1959 after giving effect to the transactions described in Note 1

	Consolidated balance sheet	Pro forma consolidated balance sheet
ASSETS		
CURRENT ASSETS		
Cash.....	\$ 189,469	\$ 609,491
Accounts receivable, (less allowance for doubtful accounts—\$5,601)	305,193	305,193
Inventories, at cost which is less than market.....	235,734	235,734
	<u>730,396</u>	<u>1,150,418</u>
MORTGAGE FUNDS HELD IN ESCROW.....	66,672	—
MACHINERY AND EQUIPMENT—at cost.....	506,248	644,248
Less: Accumulated depreciation.....	45,785	45,785
	<u>460,463</u>	<u>598,463</u>
LEASEHOLD IMPROVEMENTS—at cost.....	53,478	53,478
Less: Amortization.....	8,111	8,111
	<u>45,367</u>	<u>45,367</u>
LICENCES, RIGHTS AND OPTIONS—at cost.....	364,434	364,434
Less: Accumulated amortization.....	32,432	32,432
	<u>332,002</u>	<u>332,002</u>
PREPAID AND DEFERRED CHARGES.....	8,096	8,096
FINANCING EXPENSE.....	—	115,750
	<u>\$1,642,996</u>	<u>\$2,250,096</u>

LIABILITIES

CURRENT LIABILITIES		
Bank loan—unsecured.....	\$ 15,000	—
Accounts payable and accrued liabilities.....	151,624	\$ 151,624
Licence fee payable.....	28,800	—
Provision for income and other taxes.....	158,132	158,132
Mortgage notes payable within one year (Note 3).....	24,000	—
Accrued royalties.....	6,110	6,110
	<u>383,666</u>	<u>315,866</u>
MORTGAGE NOTES PAYABLE (Note 3).....	220,000	—
CAPITAL AND SURPLUS		
Actual balance sheet—		
Authorized:		
10,000 5% non-cumulative redeemable preferred shares of the par value of \$100 each		
1,000,000 Common Shares without nominal or par value		
Issued and fully paid:		
8,221 preferred shares.....	822,100	—
128,350 Common Shares.....	128,350	—
Pro forma balance sheet—		
Authorized:		
250,000 5% Cumulative Redeemable Convertible Pre- ferred Shares of the par value of \$20 each.		
1,000,000 Common Shares without nominal or par value.		
Issued and fully paid:		
85,000 Convertible Preferred Shares.....	—	1,700,000
145,350 Common Shares.....	—	145,350
Earned surplus.....	88,880	88,880
	<u>\$1,642,996</u>	<u>\$2,250,096</u>

The notes on page 6 form an integral part of the above consolidated balance sheet and
pro forma consolidated balance sheet and should be read in conjunction therewith.

Approved:

(Sgd.) RALPH B. HOOD, Director.

(Sgd.) H. WEIR DAVIS, Director.

VELOK LTD.

and its wholly-owned subsidiary companies,
American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation

Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet

NOTES:

1. The pro forma consolidated balance sheet gives effect to the following transactions:

- (a) the purchase at par and cancellation of all the outstanding 5% non-cumulative redeemable preferred shares of the par value of \$100 each;
- (b) the issue of supplementary letters patent dated September 9, 1959 (i) converting the Company into a public company, (ii) authorizing the payment of commissions, (iii) reducing the authorized capital of the Company by \$1,000,000 by cancelling 8,221 issued 5% non-cumulative redeemable preferred shares of the par value of \$100 each purchased for cancellation and by cancelling 1,779 authorized but unissued 5% non-cumulative redeemable preferred shares of the par value of \$100 each and (iv) increasing the authorized capital of the Company by \$5,000,000 divided into 250,000 5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each;
- (c) the issue of 85,000 5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each at par and 17,000 Common Shares at \$1 per share for an aggregate cash consideration of \$1,717,000;
- (d) the repayment of the bank loan of \$822,100 which was incurred to purchase the existing 5% non-cumulative redeemable preferred shares of the par value of \$100 each referred to in (a) above;
- (e) the payment of commission and other expenses amounting to \$115,750 in connection with the creation and issue of shares in (c) above;
- (f) the repayment of mortgage notes payable in the amount of \$244,000 (US) by the application of mortgage funds held in escrow in the amount of \$66,672 (US) and the payment of \$177,328 (US) in cash;
- (g) the repayment of bank loan in the amount of \$15,000;
- (h) the purchase of additional looms and equipment at an estimated cost of \$138,000 (US); and
- (i) the payment of the balance of \$30,000 (US) for United States rights.

2. The accounts of the Company's wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, have been included in the consolidation. The assets and liabilities of wholly-owned subsidiary companies operating in the United States of America, American Velcro, Inc. and Velcro Sales Corporation, are included in the above consolidated balance sheet and pro forma consolidated balance sheet in United States dollars at par of exchange.

3. The mortgage notes payable of the Company's wholly-owned subsidiary company, American Velcro, Inc., bear interest at the rate of 6% per annum and are payable as follows: 21 monthly instalments of \$2,000 each, commencing July 1, 1959; 36 monthly instalments of \$4,000 each, commencing April 1, 1961; and the balance of \$58,000 due April 1, 1964.

4. The cost of licences, rights and options was as follows (US dollars converted at the rate of exchange in effect at the time)

Canadian and United States rights acquired by issue of Common Shares.....	\$ 17,000
Licence fee for Canadian rights (\$50,000 (US)).....	47,890
Licence fee for United States rights (\$250,000 (US)).....	241,781
Option to acquire rights in Mexico, Central America, Cuba, South America, the Philippines, Japan, South Korea and Hong Kong (\$60,000 (US)).....	57,763
Total cost in Canadian funds.....	<u>\$364,434</u>

5. The Company will be obliged to pay a further amount of \$240,000 (US) in six equal semi-annual instalments, provided the consolidated net profit, after income taxes, of the Company and its wholly-owned subsidiary companies is at least \$80,000 (US) in each six-month period commencing January 1, 1960, for rights under the option referred to in Note 4 above. In the event that such consolidated net profit shall be less than \$80,000 (US) during any such six-month period, the Company will be obliged to pay 50% of such consolidated net profit and any unpaid balance will be added to and become due with the payment for the next six-month period.

6. The Company has assumed the obligation, under separate Canadian and United States agreements, to pay a royalty to International Velcro Company Est. of 1¢ per yard of Velcro and 1¢ per yard of Astrakan manufactured and sold. The Canadian agreement provides for a minimum royalty of \$10,000 per annum commencing January 1, 1960 and the United States agreement for a minimum royalty of \$50,000 for the first year commencing June 1, 1959, \$75,000 for the second year commencing June 1, 1960 and \$100,000 for the third year commencing June 1, 1961 and for all subsequent years. As a result of recent negotiations with International Velcro Company Est. it has been agreed that the aforesaid rate of royalties will be changed to 3% of net sales subject to the payment of the aforementioned minimum royalties.

7. Ralph Bailey Hood and Donald Colin Webster hold options entitling them to purchase 8,500 Common Shares and 1,500 Common Shares respectively at \$17 per share exercisable up to and including July 8, 1964.

Auditors' Report

To the Directors,
Velok Ltd.

We have examined the accompanying consolidated balance sheet and pro forma consolidated balance sheet of Velok Ltd. and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, as at June 30, 1959 and have obtained all the information and explanations we have required. Our examination of the accounts of the Company and its Canadian wholly-owned subsidiary company, Canadian Velcro Ltd., included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The balance sheets of the Company's American wholly-owned subsidiary companies, American Velcro, Inc. and Velcro Sales Corporation, as at June 30, 1959, were examined and have been certified by another independent accountant, Mr. Louis Spector, Certified Public Accountant in the State of New Hampshire, the auditor of those companies, and have been accepted by us for inclusion in the accompanying consolidated balance sheet and pro forma consolidated balance sheet. We have obtained all the information and explanations we have required.

In our opinion the accompanying consolidated balance sheet presents fairly the consolidated financial position of Velok Ltd. and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, as at June 30, 1959. In our opinion, the accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of Velok Ltd. and its wholly-owned subsidiary companies, American Velcro, Inc., Canadian Velcro Ltd. and Velcro Sales Corporation, as at that date, after giving effect to the transactions set out in Note 1 thereto.

(Sgd.) Ross, TOUCHE & Co.,
Chartered Accountants.

Montreal, Quebec, September 9, 1959.

STATUTORY INFORMATION

(a) The full name of the Company is Velok Ltd. (hereinafter called the "Company"). The head office of the Company is 400 Ontario Street West, Montreal, Quebec.

(b) The Company was incorporated under the laws of Canada by letters patent dated July 30, 1957 as amended by supplementary letters patent dated September 30, 1957 and September 9, 1959.

(c) The general nature of the business actually transacted and to be transacted by the Company is the holding of the exclusive licence to produce the Velcro fastener in Canada, the United States of America and its territories and possessions and through wholly-owned operating subsidiary companies, Canadian Velcro Ltd., American Velcro, Inc. and Velcro Sales Corporation, the production and sale of the Velcro fastener and the holding of the rights to the Velcro fastener, in Mexico, Central America, Cuba, South America, the Philippines, Japan, South Korea and Hong Kong, which the Company contemplates will be assigned or sub-licensed.

(d) The names in full, present occupations and home addresses in full of the officers and directors of the Company are as follows:

Officers

RALPH BAILEY HOOD.....	President.....	1455 Drummond Street, Montreal, Quebec.
DONALD COLIN WEBSTER.....	Vice-President and Treasurer.....	52 Gordon Crescent, Westmount, Quebec.
HENRY WEIR DAVIS, Q.C.....	Secretary.....	533 Clarke Avenue, Westmount, Quebec.

Directors

HAROLD ROY CRABTREE.....	Industrialist:.....	615 Belmont Avenue, Westmount, Quebec.
HENRY WEIR DAVIS, Q.C.....	Advocate.....	533 Clarke Avenue, Westmount, Quebec.
ROBERT CLARK HARTWELL.....	Industrialist:.....	9035 Venice Boulevard, Los Angeles, California.
RALPH BAILEY HOOD.....	Executive:.....	1455 Drummond Street, Montreal, Quebec.
PERCIVAL SPURR HOWE, JR.....	Industrialist:.....	90 Western Drive, Short Hills, New Jersey.
JULES JACOBS.....	Attorney-at-law.....	Oratan Road, Monsey, New York.
RAYMOND BAILEY LANK.....	Aircraft Pilot:.....	80 Woodland Avenue, Beaurepaire, Quebec.
GEORGE MONTROSE MACKINTOSH:.....	Investment Banker.....	22 Orchard Drive, East Williston, Long Island, New York.
ERIC SINCLAIR MORSE.....	Investment Dealer.....	27 Redpath Place, Montreal, Quebec.
WILLIAM EDWARD STEARNS.....	Banker.....	151 Shaw Street, Manchester, New Hampshire.
WILLIAM CRAIG STEELE.....	Industrialist:.....	3455 Stanley Street, Montreal, Quebec.
MADISON MELVILLE WALTER:.....	Banker.....	6 Chelsea Place, Montreal, Quebec.
DONALD COLIN WEBSTER.....	Executive:.....	52 Gordon Crescent, Westmount, Quebec.

(e) The auditors of the Company are Messrs. Ross, Touche & Co., Chartered Accountants, 360 St. James Street West, Montreal, Quebec.

(f) Montreal Trust Company at its office in the City of Montreal will be the registrar and transfer agent for the 5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each (hereinafter sometimes called the "Convertible Preferred Shares") and is also the registrar and transfer agent for the Common Shares without nominal or par value (hereinafter sometimes called the "Common Shares") in the capital of the Company.

(g) The authorized share capital of the Company consists of 250,000 5% Cumulative Redeemable Convertible Preferred Shares of the par value of \$20 each and 1,000,000 Common Shares without nominal or par value of which 128,350 Common Shares have been issued and are outstanding as fully paid and non-assessable.

(h) The respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares, including redemption rights and rights on liquidation or other distribution of capital assets are as follows:

CONVERTIBLE PREFERRED SHARES

1. The holders of the Convertible Preferred Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of one dollar (\$1.00) per share per annum payable quarterly on the first days of January, April, July and October in each year, the first of such dividends to accrue from October 1, 1959 or from the respective dates of allotment of the Convertible Preferred Shares, whichever is the later; warrants or cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends and payment thereof shall satisfy such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all the Convertible Preferred Shares then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of Convertible Preferred Shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for.

2. In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Convertible Preferred Shares shall be entitled to receive the amount paid up thereon together with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if such dividends were accruing up to the date of distribution) and an additional amount of one dollar (\$1.00) per share before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Convertible Preferred Shares; after payment to the holders of the Convertible Preferred Shares of the amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

3. Subject to the provisions of clause 6 hereof, the Company may at any time or times purchase (if obtainable) for cancellation the whole or any part of the Convertible Preferred Shares outstanding from time to time in the market (including purchase through or from an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Convertible Preferred Shares outstanding at the lowest price at which in the opinion of the board of directors such shares are obtainable but not exceeding the amount paid up thereon plus an additional amount of one dollar (\$1.00) per share and costs of purchase and all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if the dividends on the Convertible Preferred Shares being purchased were accruing up to the date of purchase); if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders of Convertible Preferred Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Convertible Preferred Shares so tendered shall be purchased as nearly as may be *pro rata* (disregarding fractions) according to the number of Convertible Preferred Shares so tendered by each of the holders of Convertible Preferred Shares who submitted tenders at the said same lowest price.

4. Subject to the provisions of clause 6 hereof, the Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Convertible Preferred Shares on payment for each share to be redeemed of the amount paid up thereon plus an additional amount of one dollar (\$1.00) per share and together with all accrued and unpaid preferential dividends thereon (which for such purpose shall be calculated as if the dividends on the Convertible Preferred Shares so to be redeemed were accruing up to the date of such redemption), provided that in case a part only of the then outstanding Convertible Preferred Shares is at any time to be redeemed, then the shares so to be redeemed shall be selected by lot in such manner as the directors in their discretion shall decide or, if the directors so determine, may be redeemed *pro rata*, disregarding fractions.

5. In any case of redemption of Convertible Preferred Shares under the provisions of clause 4 hereof the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Convertible Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such Convertible Preferred Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption as to the other holders; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Convertible Preferred

Shares held by the person to whom such notice is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Convertible Preferred Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the Convertible Preferred Shares called for redemption and such Convertible Preferred Shares shall thereupon be redeemed; if a part only of the Convertible Preferred Shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified in any such notice the holders of the Convertible Preferred Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Convertible Preferred Shares as aforesaid to deposit the redemption price of the Convertible Preferred Shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such Convertible Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Convertible Preferred Shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit or such redemption date as the case may be shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively.

6. No dividends shall at any time be declared or paid on or set apart for the Common Shares or any of them or any other shares of the Company ranking junior to the Convertible Preferred Shares nor shall the Company call for redemption and/or purchase any Convertible Preferred Shares less than the total amount then outstanding unless all dividends, up to and including the dividend payable on the last preceding dividend payment date, on the Convertible Preferred Shares then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart or call for redemption or purchase.

7. Any holder of fully paid Convertible Preferred Shares shall be entitled at his option at any time (subject as hereinafter provided) to have all or any of the fully paid Convertible Preferred Shares held by him converted into fully paid Common Shares without nominal or par value as the same shall be constituted at the time of conversion upon the basis of one (1) Common Share for each one (1) Convertible Preferred Share in respect of which the conversion privilege is exercised.

The conversion privilege herein provided for may be exercised by notice in writing given to a transfer agent of the Company accompanied by the certificate or certificates representing Convertible Preferred Shares in respect of which the holder thereof desires to exercise such right of conversion and such notice shall be signed by the person registered on the books of the Company as the holder of the Convertible Preferred Shares in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Convertible Preferred Shares which the holder desires to have converted; upon receipt of such notice the Company shall issue certificates representing Common Shares upon the basis above prescribed and in accordance with the provisions hereof to the registered holder of the Convertible Preferred Shares represented by the certificate or certificates accompanying such notice; if less than all the Convertible Preferred Shares represented by any certificate are to be converted the holder shall be entitled to receive, at the expense of the Company, a new certificate for the Convertible Preferred Shares representing the shares comprised in the original certificate which are not to be converted.

Upon conversion of any Convertible Preferred Shares the Company shall make no payment or adjustments on account of any accumulated or unpaid dividend on the Convertible Preferred Shares, certificates for which are surrendered for conversion, or on account of any dividends on the Common Shares resulting from such conversion.

In the case of any Convertible Preferred Shares which may be called for redemption, notwithstanding anything herein contained the right of conversion thereof shall cease and terminate at the close of business on the third day prior to the date fixed for redemption; provided, however, that if the Company shall fail to redeem such Convertible Preferred Shares in accordance with the notice of redemption the right of conversion shall thereupon be restored and continue as before.

If the Company shall subdivide its Common Shares into a greater number of shares or shall issue in exchange for its Common Shares a greater number of Common Shares then in each such case from and after the effective date of such subdivision or exchange of shares the conversion right shall be increased in proportion to the increase in the number of outstanding Common Shares resulting from such subdivision or exchange, and if the Company shall reduce the number of Common Shares by combination or consolidation of shares or shall issue in exchange for its outstanding Common Shares a smaller number of Common Shares then in each such case from and after the effective date for such combination, consolidation or exchange of shares the conversion right shall be decreased in proportion to the decrease in the number of outstanding Common Shares resulting from such combination, consolidation or exchange of shares.

If the Company shall declare and pay a stock dividend upon its Common Shares or a dividend payable at the option of the respective holders either in Common Shares or in cash then in each such case from and after the payment date of such dividend the conversion right shall be increased in proportion to the increase in the number of outstanding Common Shares resulting from such dividend.

No holder of Convertible Preferred Shares shall be entitled to be registered on the books of the Company as the holder of a fraction of a Common Share upon the exercise of the conversion privilege hereinbefore provided for or to receive a share certificate therefor but he shall be entitled to receive a bearer fractional certificate in respect of such fraction in a form approved by the directors, which fractional certificate shall be non-voting and non-dividend bearing; such fractional certificates may be consolidated into certificates for full Common Shares within such reasonable time as may be determined by the directors and if the aggregate amount of the shares represented by fractional certificates surrendered for consolidation includes any fraction of a share then the Company shall, at the time of delivery of the certificates for the number of full shares called for by surrender of fractional certificates, issue a new fractional certificate for an amount equal to such fraction.

All shares resulting from any conversion of Convertible Preferred Shares into Common Shares shall be deemed to be fully paid and non-assessable.

Nothing herein contained shall affect or restrict the right of the Company to increase or decrease the number of its Common Shares without nominal or par value in accordance with the provisions of the Companies Act and to issue such shares from time to time.

8. The certificates representing Convertible Preferred Shares which have been redeemed, or purchased for cancellation, or converted into Common Shares, shall forthwith be cancelled, and such shares shall not be re-issued.

9. The holders of the Convertible Preferred Shares shall not be entitled as such (except as hereinafter specifically provided) to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to have mailed to them copies of the financial statements and the auditor's report thereon submitted to annual meetings of shareholders and notice of shareholders' meetings) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the Convertible Preferred Shares on the dates on which the same should be paid according to the terms hereof and until six (6) quarterly dividends shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter the holders of the Convertible Preferred Shares shall be entitled to attend all meetings of the shareholders of the Company and shall be entitled to one (1) vote in respect of each Convertible Preferred Share held until such time as all arrears of dividends on all outstanding Convertible Preferred Shares shall have been paid whereupon the right of holders of Convertible Preferred Shares to attend meetings and to vote in respect of Convertible Preferred Shares shall cease unless and until six (6) quarterly dividends on the Convertible Preferred Shares shall again be outstanding and unpaid whereupon the holders of the Convertible Preferred Shares shall again have the right to attend meetings of shareholders and to vote as above provided and so on from time to time.

10. No class of shares may be created ranking as to capital or dividends in priority to or on a parity with the Convertible Preferred Shares nor shall the authorized amount of Convertible Preferred Shares be increased without the approval of the holders of the Convertible Preferred Shares given as hereinafter specified.

11. The provisions hereof contained in clauses numbered 1 to 12 both inclusive or any of them may be deleted, varied, modified, amended or amplified by Supplementary Letters Patent but only with the approval of the holders of the Convertible Preferred Shares given as hereinafter specified, in addition to such other approval (including the vote of other classes of shareholders) as may be required by the Companies Act.

12. The approval of the holders of the Convertible Preferred Shares hereby required as to any and all matters referred to herein, shall be given by resolution passed or confirmed at a meeting of the holders of Convertible Preferred Shares duly called and held upon at least ten (10) days' notice at which the holders of at least a majority of the outstanding Convertible Preferred Shares are present or represented by proxy and carried by at least two-thirds ($\frac{2}{3}$) of the votes cast on a poll at such meeting; if at any such meeting the holders of a majority of the outstanding Convertible Preferred Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the Chairman and at least seven (7) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Convertible Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by at least two-thirds ($\frac{2}{3}$) of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Convertible Preferred Shares referred to above; the formalities to be observed with respect to the giving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting every holder of Convertible Preferred Shares shall be entitled to one (1) vote in respect of each Convertible Preferred Share held.

COMMON SHARES

The Common Shares carry the right to one vote per share.

(i) Except for the mortgage notes of the Company's wholly-owned subsidiary company, American Velcro, Inc., which are to be paid off in part out of the proceeds of this issue, no bonds or debentures are outstanding or proposed to be issued nor are any other securities issued or proposed to be issued which if issued would rank ahead of or *pari passu* with the Convertible Preferred Shares offered by this prospectus. The Convertible Preferred Shares will rank ahead of the Common Shares offered by this prospectus.

(j) No substantial indebtedness is to be created or assumed which is not shown on the accompanying pro forma consolidated balance sheet of the Company and its wholly-owned subsidiary companies as at June 30, 1959 together with the notes thereto.

(k) No securities of the Company are covered by options outstanding or proposed to be given except that (i) the 85,000 Convertible Preferred Shares offered by this prospectus are convertible into Common Shares of the Company on the basis set forth in sub-paragraph 7 of paragraph (h) hereof to which reference is hereby expressly made and (ii) Ralph Bailey Hood and Donald Colin Webster hold options entitling them to purchase 8,500 Common Shares and 1,500 Common Shares respectively at \$17 per share exercisable up to and including July 8, 1964.

(l) The number of securities offered by this prospectus and their correct descriptive title and the issue price to the public and the terms thereof are as stated on the front page of this prospectus and in paragraph (h) hereof to which reference is hereby expressly made. Other securities of the Company offered for subscription within the two years preceding the date hereof are as follows:

5% non-cumulative redeemable preferred shares of the par value of \$100 each	Number of shares sold	Price per share	Total cash received by the Company
October, 1957.....	1,755	\$100	\$175,500
November, 1957.....	1,215	100	121,500
December, 1957.....	225	100	22,500
May, 1958.....	990	100	99,000
July, 1958.....	1,764	100	176,400
September, 1958.....	607	100	60,700
June, 1959.....	1,665	100	166,500
Common Shares without nominal or par value			
October, 1957.....	17,000	1	nil(1)
October, 1957.....	39,500	1	39,500
November, 1957.....	13,500	1	13,500
December, 1957.....	2,500	1	2,500
May, 1958.....	11,000	1	11,000
July, 1958.....	38,100	1	38,100
September, 1958.....	6,750	1	6,750

NOTE (1) On October 25, 1957 the Company allotted and issued to Ralph Bailey Hood 17,000 fully paid and non-assessable Common Shares at the price of \$1 per share in consideration of the assignment of the two licensing agreements referred to in paragraph (u-v) hereof.

No commissions have been paid or are payable on the sale of any of these shares.

(m) The estimated net proceeds to be derived by the Company from the sale of the 85,000 Convertible Preferred Shares and 17,000 Common Shares offered by this prospectus on the basis of the same being fully taken up and paid for is set forth in paragraph (n) hereof.

(n) The net proceeds to the Company from the sale of the 85,000 Convertible Preferred Shares and 17,000 Common Shares offered by this prospectus, amounting to \$1,601,250, after deducting commissions and legal, audit and other expenses of issue estimated at \$115,750, will be used as to \$837,100 to repay bank loans, as to \$177,328 to repay, along with mortgage funds held in escrow, mortgage notes and as to the balance for additional working capital for further expansion of the operations of the Company and its wholly-owned subsidiary companies and for general corporate purposes. No provision has been or will be made for the holding in trust of any of the proceeds of the issue of the securities offered by this prospectus pending or subject to the fulfilment of any conditions.

(o) In the opinion of the directors of the Company, except as set forth in paragraph (n) hereof, no minimum amount must be raised by the issue of the securities offered by this prospectus in order to provide the sums required for

- (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue,
- (ii) any preliminary expenses payable by the Company,
- (iii) any commission payable by the Company to any person in consideration of his agreeing to subscribe for or procuring or agreeing to procure subscriptions for any shares in the Company,
- (iv) the repayment of any moneys borrowed by the Company in respect of the foregoing matters and
- (v) the repayment of bank loans.

(p) Under agreement dated September 8, 1959 between the Company and W. C. Pitfield & Company, Limited, on its own behalf as underwriter, the Company has agreed to sell and the said underwriter has agreed to buy the 85,000 Convertible Preferred Shares and 17,000 Common Shares offered by this prospectus for \$1,717,000 to be paid in cash to the Company against delivery of share certificates, in interim or definitive form, representing the said Convertible Preferred Shares and Common Shares on or about September 24, 1959 and the Company has agreed to pay the said underwriter a commission of \$80,750 in the aggregate in consideration of its purchasing the said Convertible Preferred Shares and Common Shares, all upon the terms and conditions in the said agreement set forth.

(q) The by-laws of the Company provide for the remuneration of the directors as follows:

"The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary or fees paid to any officer, solicitor or counsel of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special service on the Company's behalf other than the routine work ordinarily required of a director by the Company and confirmation of any such resolution or resolutions by shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company or to receive a fixed allowance in respect thereof as may be determined by the board from time to time."

(r) The aggregate remuneration paid by the Company during its last financial year to directors of the Company, as such, was nil and to officers of the Company, as such, who individually received or were entitled to receive remuneration in excess of \$10,000 per annum was nil. It is estimated that the aggregate remuneration to be paid or payable by the Company during the current financial year to directors of the Company, as such, will be nil and to officers of the Company, as such, who individually will receive or be entitled to receive remuneration in excess of \$10,000 per annum will be \$51,250.

(s) No amount has been paid by the Company within the two years preceding the date hereof, or is payable, as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations or debentures of the Company except the commission set forth in paragraph (p) hereof.

(t) The Company has been carrying on business for more than one year.

(u-v) Other than transactions entered into in the ordinary course of operations or on the general credit of the Company, no property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the securities offered by this prospectus or has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date hereof, except that on October 25, 1957, the Company purchased from Ralph Bailey Hood, 1455 Drummond Street, Montreal, Quebec, his rights as licensee under two agreements with International Velcro Company Est., dated respectively June 13, 1957 and July 2, 1957, granting him the exclusive rights throughout Canada and the United States of America and the territories and possessions of the latter country, for a period of 15 years, automatically renewable for further 15 year periods at the end of each 15 years, to manufacture and sell and to grant sub-licences to manufacture and sell products embodying a certain invention covering a fastener with a hook system as set forth and described in Canadian and United States Patents Nos. 520129 and 2717437 respectively, as well as the right to use the trademark "Velcro". The consideration for the purchase of the said rights was the allotment and issuance to Ralph Bailey Hood of 17,000 fully paid and non-assessable Common Shares in the capital of the Company issued at a price of \$1 per share and the assumption by the Company to the exoneration of Ralph Bailey Hood of his obligations to International Velcro Company Est. under the said agreements. The obligations to International Velcro Company Est. which the Company has assumed are as follows:

(a) Under the Canadian Agreement:

- (i) to pay the sum of \$50,000 in US funds for the right to exploit the licence in Canada (as of the date of this prospectus, this sum has been paid in full),
- (ii) to purchase and to pay for five looms to manufacture the Velcro fastener (as of the date of this prospectus, four looms have been purchased and paid for at a total price of approximately \$25,000) and
- (iii) to pay a royalty to International Velcro Company Est. of 1 cent per yard of Velcro and 1 cent per yard of Astrakan manufactured and sold up to a yearly quantity of 1 million yards and a similar royalty of $\frac{3}{4}$ of 1 cent per yard for each yard of the said materials for quantities in excess of 1 million yards per annum with a minimum royalty of \$10,000 per annum which will commence January 1, 1960 (as a result of recent negotiations with International Velcro Company Est. it has been agreed that the aforesaid rate of royalties will be changed to 3% of net sales subject to the payment of the aforementioned minimum royalty).

(b) Under the United States Agreement:

- (i) to pay the sum of \$250,000 in US funds for the right to the licence in the United States of America and the territories and possessions thereof (as of the date of this prospectus, this sum has been paid in full),
- (ii) to purchase and to pay for 50 looms to manufacture the Velcro fastener (as of the date of this prospectus, 40 looms have been purchased and paid for at a total price of approximately \$340,000) and
- (iii) to pay a royalty to International Velcro Company Est. of 1 cent per yard of Velcro and 1 cent per yard of Astrakan manufactured and sold, with a minimum royalty of \$50,000 per year for the first year commencing June 1, 1959, \$75,000 for the second year commencing June 1, 1960 and \$100,000 per year for the third year commencing June 1, 1961 and for all subsequent years (as a result of recent negotiations with International Velcro Company Est. it has been agreed that the aforesaid rate of royalties will be changed to 3% of net sales subject to the payment of the aforementioned minimum royalties).

The ownership of the looms already purchased has been acquired by wholly-owned operating subsidiaries of the Company and a similar title will be obtained to the balance of the looms when purchased and paid for. The address of International Velcro Company Est. is 3 Rue César Soulié, Nyon, Switzerland.

(w) No securities have been issued or agreed to be issued within the two years preceding the date hereof as fully or partly paid up otherwise than in cash, except that on October 25, 1957, the Company issued to Ralph Bailey Hood 17,000 fully paid and non-assessable Common Shares at the price of \$1 per share in partial payment of the purchase of his rights as licensee under the said two agreements with International Velcro Company Est. described in paragraph (u-v) hereof.

(x) No obligations are being offered by this prospectus.

(y) Other than in the ordinary course of business no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the securities offered by this prospectus or have been within the two years preceding the date hereof or are to be paid for by securities of the Company except as set forth in paragraphs (p) and (w) hereof.

(z) No amount has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

(za) The dates of and the parties to and the general nature of every material contract entered into by the Company within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on by the Company are as follows:

- (i) agreement dated October 25, 1957 with Ralph Bailey Hood referred to in paragraph (u-v) hereof;
- (ii) agreement dated July 14, 1958 with American Velcro, Inc. providing for the appointment of American Velcro, Inc. as exclusive sub-licensee in the United States of America for the manufacture, distribution and sale of products under the Velcro patent and trademark;
- (iii) agreement dated July 16, 1958 with American Velcro, Inc. respecting a revolving credit to be extended by the Company to American Velcro, Inc.;
- (iv) agreement resulting from the exercise dated May 14, 1959 of an option dated May 14, 1958 with International Velcro Company Est. by which the Company was given the exclusive rights to manufacture, produce and sell products under the Velcro patents and trademarks in Mexico, Central America, Cuba, South America, the Philippines, Japan, South Korea and Hong Kong;
- (v) agreement dated September 30, 1958 with Canadian Velcro Ltd. providing for the appointment of Canadian Velcro Ltd. as exclusive sub-licensee in Canada for the manufacture, distribution and sale of products under the Velcro patent and trademark;
- (vi) guarantee dated February 16, 1959 by the Company of a mortgage loan of \$250,000, evidenced by 6% mortgage notes, made by William Iselin & Co. to American Velcro, Inc.; and
- (vii) agreement referred to in paragraph (p) hereof.

Copies of these agreements may be inspected during ordinary business hours at the offices of Messrs. Hugessen, Macklaier, Chisholm, Smith & Davis, Advocates, 507 Place d'Armes, Montreal, Quebec, during the period of primary distribution of the securities offered by this prospectus.

(zb) The Company does not at the present time propose to acquire any property in which any director was or is interested except that Jules Jacobs is a director and shareholder of International Velcro Company Est. from which the Company proposes to acquire property as referred to in paragraph (u-v) hereof.

(zc) The business of the Company has been carried on since October 25, 1957. The Company has not acquired and does not propose to acquire, either by direct acquisition or indirectly by ownership of shares or otherwise, a business which has been carried on for less than three years.

(zd) There are no persons who, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position to, or are entitled to, elect or cause to be elected a majority of the directors of the Company.

(ze) No securities of the Company of the same class as those offered by this prospectus are to the knowledge of the signatories hereto held in escrow.

(zf) No dividends have been paid by the Company up to the date of this prospectus.

(zg) No amount of the consideration received for the issue of Common Shares without nominal or par value has been set aside as distributable surplus.

(zh) There are no other material facts not disclosed in the foregoing.

Dated September 9, 1959.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Sgd.) HAROLD ROY CRABTREE*

(Sgd.) RAYMOND BAILEY LANK*

(Sgd.) H. WEIR DAVIS

(Sgd.) GEORGE MONTROSE MACINTOSH*

(Sgd.) ROBERT CLARK HARTWELL*

(Sgd.) E. S. MORSE

(Sgd.) RALPH B. HOOD

(Sgd.) WILLIAM EDWARD STEARNS*

(Sgd.) PERCIVAL SPURR HOWE*

(Sgd.) WILLIAM CRAIG STEELE*

(Sgd.) JULES JACOBS*

(Sgd.) M. M. WALTER

(Sgd.) D. C. WEBSTER

*By their agent, Ralph B. Hood

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Underwriter

W. C. PITFIELD & COMPANY, LIMITED

Per (Sgd.) E. F. C. KINNAR,
Director.

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than five per centum in the capital of W. C. Pitfield & Company, Limited: A. S. Torrey, H. H. Mackay, P. R. Payn, W. C. Pitfield, E. S. Morse, estate of A. D. Hunt, E. F. C. Kinnear and J. A. Weldon.

